

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

Ad 200.50
m340

THE

Market Administrator's BULLETIN

Frank W. Linder
MARKET ADMINISTRATOR



Published at 79 East State Street, Columbus, Ohio 43215

ISSUED FOR PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

APRIL, 1968

Vol. 24 No. 4

World Dairy Situation

The Dairy Situation, Economic Research Service USDA, March, 1968

World milk production in 1967 is estimated to have been about 2 percent above 1966, and some 21 percent over the 1956-60 average. These estimates are based on milk production in 35 important dairy countries, which account for about 85 percent of world milk output. Indications are that 1967 milk production was up in all but 8 countries.

The upward trend in world milk output likely will continue in 1968. The Organization for Economic Cooperation and Development (OECD) reported that January-February production in all West European countries except Sweden rose from a year earlier, while Canadian output declined.

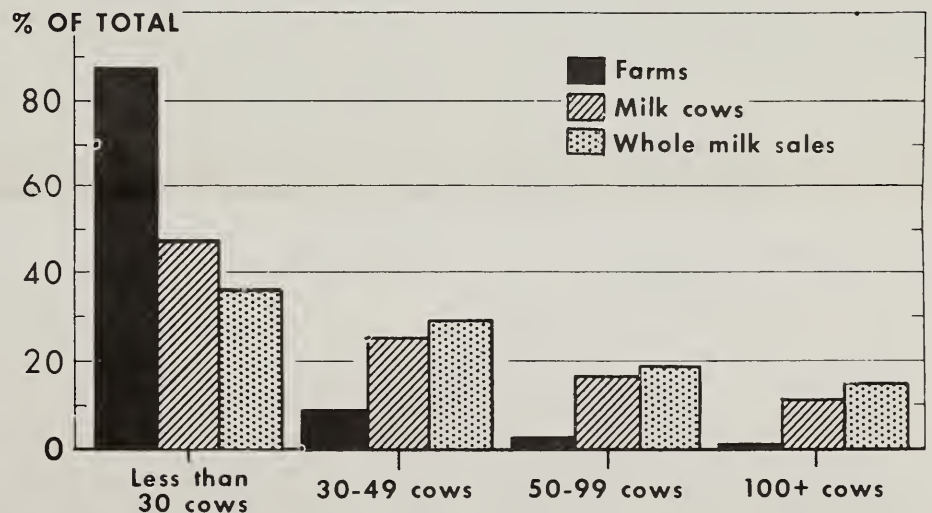
In many countries, milk production in recent years has been increasing faster than domestic consumption, causing a rise in excess milk supplies. This surplus has been made into butter and nonfat dry milk, much of which has moved into storage, until it could be utilized. Butter output in the EEC last year was up 5-6 percent from 1966, though butter production in other West European countries showed no change. Butter stocks at the end of January were about 593 million pounds in Western Europe, some 20 percent above a year earlier. Several countries took measures to reduce butter stocks. Germany, Belgium and France, with EEC approval, have authorized melting

butter for domestic sale at a reduced price. In France, the intervention price (support purchase price) was raised and, with domestic prices tending downward, Interlait resumed intervention purchases in December. In Germany, large quantities were purchased by the trade during De-

cember. Thus a large share of the change in Import and Stockpile Agency stocks represented a transfer to commercial holdings. To date, actions taken to reduce surplus stocks have not been effective.

Nonfat dry milk production in the (Continued on Back Page)

DAIRY HERDS, MILK COWS, AND WHOLE MILK SALES, BY HERD SIZE, 1964*



*BASED ON CENSUS DATA.

U. S. DEPT. OF AGRICULTURE

NEG. ERS 5494-6P 127 ECONOMIC RESEARCH SERVICE

Although less than 5 percent of the total herds of 50 or more cows accounted for 34 percent of the milk marketed and included 27 percent of all milk cows, according to the 1964 Census of Agriculture. Large herds are increasing, both in size and numbers. On the other hand, herds of fewer than 30 cows made up 87 percent of the total, but accounted for only about 36 percent of total milk and 47 percent of total milk cows. Average herd size continues to grow, judging from the increasing volume of milk delivered daily by producers in Federal order markets. Average deliveries by these producers rose 19 percent from 888 pounds daily in 1964 to 1,056 pounds in 1967.



Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	\$5.16	\$5.34	\$5.31
Class I (3.5%)	5.60	5.78	5.68
Class II (3.5%)	3.91	3.91	3.91
Producer Butterfat Differential for each one-tenth percent	9.0¢	9.2¢	9.2¢

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	77.9	80.7	82.4
Percent of Producer Butterfat in Class I	68.3	70.2	74.3
Percent of Producer Milk in Class II	22.1	19.3	17.6
Percent of Producer Butterfat in Class II	31.7	29.8	25.7

PRODUCER MILK RECEIPTS

Total Pounds Producer Milk Delivered	48,352,041	44,796,381	44,996,524
Average Daily Class I Producer Milk	1,225,421	1,254,338	1,231,377
Total Number of Producers	1,643	1,646	1,551
Average Daily Receipts per Producer	949	938	936
Average Butterfat Test	3.88	3.92	3.85
Total Value of Producer Milk at Test	\$2,658,754	\$2,562,552	\$2,534,837
Income per Producer (7 Day Average)	\$365	\$375	\$370

GROSS CLASS USE (Pounds)

Class I Skim	36,406,457	34,909,259	35,788,085
Class I Butterfat	1,280,898	1,232,028	1,288,398
Class I Milk	37,687,355	36,141,287	37,076,483
Class II Skim	10,070,492	8,131,429	7,474,012
Class II Butterfat	594,194	523,665	446,034
Class II Milk	10,664,686	8,655,094	7,920,046

AVERAGE DAILY SALES (Quarts)

Milk	413,654	416,616	418,866
Buttermilk	5,304	5,038	5,749
Chocolate	32,042	33,390	28,945
Skim	12,389	12,499	12,051
Cream	6,151	6,584	6,719

COMPARATIVE STATISTICS



COLUMBUS MARKETING AREA



MAR., 1959 - '68

Year	Receipts From Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class Prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1959	24,683,556	3.81	85.2	10.2	1.2	3.4	4.28	4.394	3.994	3.094	2.871	1,687	413
1960	28,724,747	3.98	82.5	8.6	2.2	6.7	4.24	4.419	4.019	3.697	2.981	1,704	544
1961	31,091,341	3.77	76.2	8.4	1.9	13.5	4.20	4.44	4.04	3.304	3.090	1,459	687
1962	34,362,548	3.89	77.2	8.8	3.0	11.0	4.20	4.40	4.011	3.849	3.249	1,328	835
1963	38,328,637	3.88	78.6	8.4	3.5	9.5	3.95	4.11	3.702	3.663	3.063	1,383	894
1964	42,279,621	3.81	72.2	7.7	2.4	17.7	4.01	4.27	3.835	3.675	3.078	1,347	1,012
1965	47,417,628	3.84	79.3	20.7	—	—	4.25	4.57	3.130	—	—	1,667	918
1966	46,633,917	3.78	82.6	17.4	—	—	4.72	5.03	3.40	—	—	1,583	950
1967	44,996,524	3.85	82.4	17.6	—	—	5.31	5.68	3.91	—	—	1,551	936
1968	48,352,041	3.88	77.9	22.1	—	—	5.16	5.60	3.91	—	—	1,643	949

Decline In Cow Numbers Slows

The Dairy Situation, Economic Research Service USDA, March, 1968

On January 1, 14.7 million cows and heifers, 2 years and over, were kept for milk, 3.5 percent below a year earlier. This was the smallest decline since 1963, and the culling rate per 100 cows was the lowest since 1960. The downtrend in cow numbers slowed in 1967 as milk prices strengthened, canner and cutter cow prices eased, and milk-feed price ratios continued favorable to milk production. During 1968, a further decline in dairy cow numbers may approximate that in 1967.

The decline in heifer numbers was the smallest since the early 1960's and caused the ratio of dairy replacement stock to milk cows to rise from year-earlier levels. Despite the improved ratio of heifers to cows, herd culling in 1968 may continue to re-

duce milk cow numbers near the 1967 rate of decline because: (1) The firm beef cattle market likely will encourage dairy herd culling; and (2) off-farm employment opportunities continue favorable and are still causing dairy farmers and laborers to leave dairying. However, judging by the lower drop in cow numbers, the number of dairy farms fell less in 1967 than in 1965 and 1966.

All production regions except the Southeast showed a lessening decline in milk cow numbers from a year earlier. Substantially lower culling rates occurred in the important Northeast, Lake States, and Corn Belt Dairy areas. Replacement stock per 100 milk cows on January 1, 1968 was up in half the regions, including the Northeast and Corn Belt States.

Milk For Manufacturing Down

The Dairy Situation, Economic Research Service USDA March, 1968

Anticipated lower milk production and reduced imports of dairy ingredients likely will cause the milk equivalent available for manufacturing to remain below year-earlier levels during the first half of 1968. In January, some 4.6 billion pounds of milk were used in the major manufactured dairy products, about 3 percent below January 1967.

This year, through February 22, creamery butter production was down about 6 percent and American cheese output was about 5 percent under a year earlier.

Lower imports of butterfat-sugar mixtures likely will cause more domestic cream to move into frozen dessert products this year than last. Consequently, butter production will likely remain below year-earlier levels during the first half of this year. Nonfat dry milk output was down 5 percent in January, and may remain under year-earlier levels during the first half of 1968. Rising population and demand likely will cause some gain in the output of cheese and ice cream.

1967 MILK PRODUCTION DOWN SLIGHTLY

The Dairy Situation, Economic Research Service USDA March, 1968

U.S. milk output for 1967 was 119.3 billion pounds, 0.5 percent under 1966. Output fell in only 3 production regions—Northeast, Corn Belt, and Northern Plains. However, these regions account for over 40 percent of U.S. output, and the drops were substantial. Output was up about 1 percent in 2 other important dairy areas—the Lake States and the Pacific States—and increased by varying amounts in other regions.

Milk production per cow rose 3.7 percent from 1966 to 1967, slightly above the 3.4 percent average annual increase since 1957. The rate of gain in output per cow slowed materially during 1967 from about 5 percent in the first quarter to about 1.5 percent by the end of the year. The slower gains in late 1967 were due in part to poor forage quality in several Northern dairy States and partly to comparisons with relatively high rates of a year earlier. Although milk-feed price ratios have been at record levels in recent months, grain feeding has increased only about 3 percent from a year earlier, compared with the 1962-66 average annual increase of 6 percent. Year-to-year gains in milk per cow likely will continue below average during the winter feeding season, but may improve when cows go on pasture.

COLUMBUS, OHIO 43215
79 East State Street
Room 505

BULLETIN

Administrators

Market

THE

CCC REMOVALS DROP IN EARLY 1968

The Dairy Situation, Economic Research Service
USDA, March, 1968

In January and February 1968, USDA removed from the market through price support purchases 46 million pounds of butter; 17 million pounds of cheese; and 100 million of nonfat dry milk. These purchases equaled 1.1 billion pounds of milk, compared with 1.5 billion a year earlier. During the first half of 1968, USDA purchases likely will total less than the 5.3 billion pounds (milk equivalent) of a year earlier, due to lower expected milk production and smaller dairy imports. However, January-June nonfat dry milk removals may be near year-earlier levels.

Calendar year 1967 market removals of butter and cheese were equivalent to 7.4 billion pounds of milk. These were sharply above the 1966 level of 0.6 billion pounds, but still under the 1961-65 average of 8.0 billion. USDA removals were equivalent to 6.5 percent of milk marketed by farmers last year, up from only 0.5 percent in 1966. Nonfat dry milk removals were 687 million pounds, nearly double the 1966 level.

USDA net expenditures for dairy products (price support and related programs, including Title 1 sales under P.L. 480) totaled \$318 million during the fiscal year ending June 30, 1967. Comparable expenditures during the previous fiscal year were \$96 million.

Market Quotations

MARCH
1968

MINNESOTA-WISCONSIN PRICE SERIES	\$4.02
Butter-nonfat dry milk price, 3.5% per cwt. (Columbus)	3.91
Average Price per lb. 92-score butter at Chicago	.6644
Average carlot prices, spray process nonfat dry milk, f.o.b. Chicago area manufacturing plants.	.1949

WORLD DAIRY SITUATION

(Continued from Front Page)

EEC in 1967 is estimated to have been about 10-11 percent above a year earlier, following substantial 1966 gains. EEC production now exceeds U.S. output. European skim milk powder output (which in other years was largely absorbed internally for livestock feed and human food) is now greater than domestic commercial disappearance.

Apart from occasional shipments, few outlets exist on the international market for the heavy excess supplies of dairy products, and it is difficult to move small quantities except at extremely low prices. Because of continued dull demand and heavy surplus supplies, Holland free-at-border nonfat dry milk prices declined from 13.8 cents per pound in August to 9.6 cents in January. Gate levies were raised accordingly during this period. The free-at-border price quotations are an indication of world prices. Holland free-at-border butter prices have also declined in recent years—from about 40 cents per pound in 1965 to only about 23 cents in 1967. London butter prices remained un-

changed, as the drop in January reflected England's devaluation of the pound. The U.K. butter market, which takes about 75 percent of the butter moving in world trade, is a closed market, operating under a quota system. Price changes on this market do not reflect the butter supply situation, as they did before quotas were instituted.

A major factor in the deterioration of world dairy product prices is the subsidization of dairy product exports by European countries in an effort to reduce internal stocks of dairy products. For example, with an average internal wholesale butter price of about 80 cents per pound, France is reported to be exporting butter at 29½ cents and selling storage butter in export outlets as low as 13-16 cents. Exporters in the Netherlands are delivering fresh butter at 25 cents per pound and storage butter at 15 cents, while their internal wholesale butter price is about 72 cents. Nonfat dry milk exports are also being subsidized. With an internal nonfat dry milk wholesale price of about 21 cents per pound, France is delivering nonfat dry milk to Lima, Peru, for 16 cents and to Bern Switzerland, for 12 cents.